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## Labor Battle at Kellogg Plant in Memphis Drags On



Roughly 225 workers have been locked out at Kellogg's Memphis cereal plant.  
Lance Murphey for The New York Times

By **Steven Greenhouse**

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MEMPHIS — It's 11 a.m. and a bone-chilling 18 degrees as Joey Watts, wearing a picket sign that says "Locked Out," trudges across an overpass overlooking the cereal factory, which has a big neon sign spelling out Kellogg's in its red signature logo.

For more than three months, Kellogg has locked out Mr. Watts and 225 of his co-workers, barring them from returning to their jobs making Frosted Flakes and Froot Loops until their union agrees to a new contract. With the lockout lasting so long and the winter so brutal, emotions have been running high.

"It's simple — Kellogg's is a highly profitable company and just wants to pay people less," said Mr. Watts, who has worked at the plant for 28 years. "It's just plain greed."

To the locked-out workers, Kellogg is yet another American company seeking to knock middle-class workers down a few pegs and chip away at their pay and benefits. But to Kellogg, the Memphis plant is a high-cost operation with above-market wages that badly need to be brought under control to make the plant competitive.

About the only thing the company and workers agree on is that the pay and benefits are good — averaging \$28 an hour, with the workers not having to contribute toward their health insurance premiums.

By far, the main point of contention is Kellogg's push to greatly expand a group

of temporary workers into what would essentially be a permanent lower tier of employees who would earn \$6 an hour less than the other workers and have far less generous benefits.

“Kellogg Company’s labor costs in our U.S. cereal plants are significantly higher than our industry competitors’,” said Kris Charles, a company spokeswoman, in a statement. “The current cost structure is not sustainable — doing nothing is not an option.”

In the company’s view, its Memphis employees have it very good. “Our current employees, on average, earn more than \$100,000 annually,” Ms. Charles said. Before overtime, workers average about \$58,000 annually, but many workers say they are often required to work seven days a week and are often given just two days off a month. Some workers talk of having to work 40 or 50 days in a row. With all that overtime, many top \$90,000, even \$100,000 a year.

When negotiations reached a stalemate in October, Kellogg turned to a powerful tactic — a lockout — that American companies are increasingly using to win concessions from what they say are recalcitrant unions refusing to accept more realistic wage levels that would keep operations competitive.

“By using a lockout, Kellogg’s is partly taking advantage of a weakened labor movement,” said Jake Rosenfeld, an expert on labor relations at the University of Washington. The locked-out workers’ union — the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union — is small and far less powerful than larger unions.

Kellogg is pressing for what Caterpillar, Boeing and Detroit’s automakers have sought in recent years — to reduce blue-collar compensation packages.

“This is systematic of what’s going on,” said Thomas Kochan, a professor of industrial relations at the Massachusetts Institute of Technology’s Sloan School of Management. “Kellogg was one of the companies we looked at as a model in the food and beverage industry in how it treated its workers. That’s gone away. It’s gone in the other direction.”

In November, Kellogg announced “Project K,” a four-year program aimed at reducing costs by about \$450 million a year — partly because demand for breakfast cereal is down as more consumers are eating on the go. In December, Kellogg announced that it was closing its 90-year-old cereal factory in London, Ontario.

Betty Guyton, a 25-year employee of the Memphis plant, said she was shocked by Kellogg’s tough bargaining tactics because Kellogg was long considered a generous employer.



Kellogg's strategy appears to be to wait out the locked-out workers; the union is hoping that the National Labor Relations Board will declare that the lockout is illegal.  
Lance Murphey for The New York Times

"It feels like we have been absolutely violated," she said, adding that W.K. Kellogg, the company's founder, "would have been disgusted at what is going on here. This is not the normal Kellogg I've known for the last 25 years."

To step up pressure on the workers, Kellogg cut off their health insurance as soon as the lockout began. It has kept the plant operating with replacement workers hired by a staffing agency.

"I have a 15-year-old son — he doesn't understand why he has to be careful, why he can't get a cold or a scratch," Ms. Guyton said. "It makes it hard not having insurance." On less frigid days, she and her co-workers often wear yellow T-shirts, atop their clothes, with a picture of Tony the Tiger locked behind prison bars.

Despite her bitterness, she said, "It's a great job. The income is great. Until the lockout came, it was one of the best jobs in America."

Robert McGowen, who works in the packing department, said Kellogg might have targeted the Memphis plant because it is one of the company's smallest plants. "They thought we'd be the weakest," he said. "They didn't think there would be nearly as much solidarity as there has been."

Civil rights groups and numerous local lawmakers have thrown their weight behind the Kellogg workers — the plant's work force is about 60 percent African-American and 40 percent white. At a church service on Martin Luther King's Birthday, the Rev. Dwight Montgomery, the president of the Memphis chapter of the Southern Christian Leadership Conference, called for a nationwide boycott of Kellogg.

Noting that Dr. King was assassinated while backing a strike by Memphis sanitation workers, Mr. Montgomery said, "If Dr. King were alive today, he would be standing with these workers."

As often happens in labor disputes, the two sides have vastly conflicting versions of what is happening. Kellogg says its proposed contract "does not impact current employees' wages and benefits and would offer above-market wages for any future hires." Kellogg says the job security of the plant's workers would in no way be jeopardized.

The union says Kellogg is asking for the right to employ up to 100 percent of the Memphis factory's work force as temps or casuals — a lower tier that would earn around \$22 an hour. The locked-out workers fear that if Kellogg wins the right to use as many casuals as it likes — the current contractual limit is 30 percent — then the company would somehow find a way to push out the longer-term workers, perhaps by preferring the casuals in assigning work schedules.

Kellogg's strategy appears to be to wait out the locked-out workers until they give in, but the union fears that if a lower tier is established in Memphis, the company will push for the same salary scales at its three other cereal plants in the United States — in Battle Creek, Mich.; Lancaster, Pa.; and Omaha.

The union has one big hope — that the National Labor Relations Board will declare that the lockout is illegal. Union officials assert that Kellogg is illegally trying to foist new wages and hours upon the Memphis plant that can only be negotiated as part of a nationwide master agreement with Kellogg's other cereal plants — and not in separate, local negotiations for the Memphis plant.

"The lockout is illegal," said Kevin Bradshaw, the president of the Memphis union local. "They're not bargaining in good faith."

Ms. Charles, the company spokeswoman, said all the proposals Kellogg made "during these negotiations are supplemental — or local" and can be negotiated separately from the master agreement.

Among the workers, an oft-heard refrain is that they do not want to do anything that will undermine living standards for their children's generation.

"We have a good quality of life," said Jack Miller, who has worked at the factory since 1985. "Why should we agree to changes so our kids can't have the same quality of life?"

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